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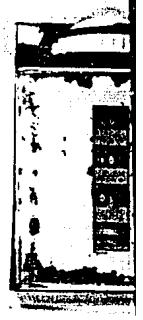

STATE FARM OPERATIONS IN NORTHEAST AND NORTH CHINA

[Comment: This report gives extracts from three articles appearing in Chi-hsieh-hua Nung-yeh (Mechanized Farming), No 19, Jul 1953. These articles deal with costs and results of spring plowing and planting operations on state farms in Northeast China, methods of computing costs of agricultural products, and the campaign to establish norms for the state farms of Hopeh Province.]

SPRING PLOWING OPERATIONS ON NORTHEAST STATE FARMS

Wei Chen-wu
Chief, Northeast State Farm Management Bureau

The farms under the direct control of the Northeast State Farm Management Bureau improved the foundation for this year's production by their reorganization during the winter season. Because of the efforts of everyone concerned, this year's spring plowing and planting operations were completed 10 days earlier than last year.

The farms under the control of the bureau planted a total of 27,925 hectares of wheat, exceeding the plan by 0.6 percent. Plantings of soybeans totaled 6,463 hectares, or 94.3 percent of the plan; and 2,636 hectares of miscellaneous grains were planted, completing 75.1 percent of the plan. There were two reasons for the failure to meet the plans for soybeans and miscellaneous grains: (1) the plans were not definite (the size of some plots was not exact and this affected the plan); and (2) constant rain during the planting season hindered operations.

In this year's plowing and planting the state farms completely carried out suitable close planting measures for increased production. The greater part of the planted land was fallow last year or was plowed in the fall. In addition, the seed was carefully selected and subjected to sprouting tests. Seed grain was disinfected and 916 hectares of wheat were planted with seed that had been pre-sprouted. Improved varieties of wheat were planted on 4,141 hectares and improved varieties of soybeans on 63 hectares.

To achieve better spacing, the distance between rows was decreased but individual plants were spaced further apart in the rows. Twenty-seven percent of the wheat was planted in rows 7.5 centimeters apart and 19 percent was planted 15 centimeters apart. Five percent of the wheat was planted with increased spacing between plants. More than 50 percent of the wheat was planted according to improved methods. Old 24-row seed drills were modified by the workers to give the desired spacing. Preliminary observations indicate that the 15-centimeter rows provide a total of from 5 million to 5.5 million stalks [per hectare] while the 7.5-centimeter rows provide a total of from 6 million to 6.5 million stalks; on especially fertile plots, the total reaches 7 million.

In operational techniques there are still numerous shortcomings. In some places, the land had not been harrowed after fall plowing and this caused difficulties during the spring harrowing. Insufficient time was allowed for presprouting. The quality of part of the local fertilizer was not good and chemical fertilizers for the high-production plots were not delivered in time. The seed was not covered to a uniform depth and a small part was planted too closely. In general, however, techniques have much improved and a foundation has been laid for the completion of this year's increased production plan.

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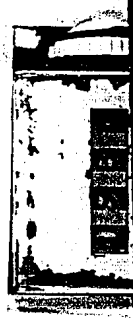


On the management level, production units have set up a responsibility system to deal with quotas and preliminary steps have been taken to overcome situations in which quotas and production have been out of line. A basic reporting system has been established by which machine and vehicle teams may know every day whether or not they have fulfilled or exceeded their assigned tasks. This system is, however, too complicated.

During spring plowing, a "red flag" competition was initiated to raise work norms and decrease fuel and oil consumption. Labor efficiency was increased 27 percent over 1952, and 6 percent over this year's planned norms. Oil consumption decreased 20 percent compared with 1952, which was also a decrease of 20 percent below this year's planned norm. In the course of spring plowing operations, a total of 32,193 kilograms of primary fuel oil was saved.

In the field, cost accounting operations have already begun. At the "93" and Jung-chun farms, the financial accountants, cost accountants, and statisticians have been organized into cost accounting teams to compute promptly the direct expenses of production units and vehicle teams on the basis of established norms. In this way, they can supervise the carrying out of the cost plan and have the necessary figures. The "93," Erh-lung, Hung-hsing, and T'ung-pao farms have completed computation of production costs for the spring plowing phase which represents some improvement in cost management operations over last year.

The costs of spring plowing and planting per hectare were as follows:

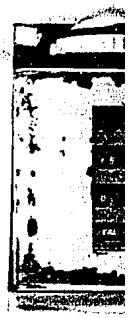
	Wheat		Soybeans	
Farm	Estimated Cost (yuan per hectare)	Actual Cost (yuan per hectare)	Estimated Cost (yuan per hectare)	Actual Cost (yuan per hectare)
"93"	919,378	788,939	679,896	532,557
Erh-lung	755,568	805,570*		
Hung-hsing	754,400	705,272	520,347	496,331
T'ung-pao	1,063,596	953,195		

* Although wages and oil consumption were less than estimated, more seed was used because of close planting, fertilizer expense was increased and the price of oil was raised 20 percent over the estimated price.

There are several reasons for the fact that costs were not uniform among different farms. On the one hand, this was the first time that cost management had been tried and the planning was still not sufficiently sound. On the other hand, conditions were not the same on the different farms, especially with respect to the cost of last fall's planting. It is clear, however, that costs may be lowered even further.

In spite of the achievements of the state farms in the Northeast, there are still numerous faults and shortcomings. Continuous efforts must be exerted to prevent or overcome self-satisfaction, whether or not increased production plans are fulfilled. The system of quota management, cost accounting, and planning is still not sound and waste has not yet been completely eliminated.

In animal husbandry, reorganization has not been complete and there are serious problems of feeding and management. In earlier phases, the aim of leadership was to reorganize agricultural activities quickly and animal husbandry fell behind.



The repair shops have greatly improved their techniques but the quota management and cost accounting of the shops and transportation units are not yet satisfactory. Continuous efforts must be exerted to assure results and advance yet further.

HOW TO MAKE UP A PLAN FOR FINANCING STATE FARM PRODUCTION

Kuo Ch'un-hua

Computation of costs is the central function of a business accounting system. The cost of products is an important indication of the efficiency of the management of an enterprise. Only through sound cost accounting is it possible to supervise plans and control costs in order to continue energetically to lower costs.

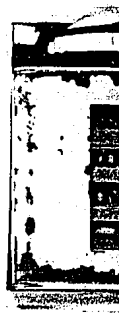
The following are the most important factors in computing the costs of agricultural products:

A. Direct Production Expenses

1. Direct Operational Expenses
   a. Regular and Supplementary Wages of Personnel Directly Engaged in Production
   b. Cost of Animal Power
   c. Cost of Machinery and Tools
   d. Other Direct Operational Expenses
2. Seed
3. Fertilizer
4. Other Materials

B. Indirect Production Expenses

1. Regular and Supplementary Wages of Personnel Indirectly Engaged in Production
2. Cost of Fuel
3. Cost of Power
4. Maintenance Costs
5. Transportation Costs
6. Depreciation
7. Expendable Materials
8. Insurance
9. Other Indirect Production Expenses



C. Management Expenses

1. Administrative

2. General Management

A table for computing the cost of agricultural products should be set up according to the different types of products. These should be further broken down according to methods of planting and cultivation. The table must take into account the following items:

1. Agricultural production plan for the current year
2. Plowing operations plan
3. Plan for the collection, purchase, and application of fertilizer
4. Plan for tractor operations
5. Table for computation of costs per ton-kilometer of motor vehicle transportation
6. Indirect production expenses and management expenses
7. Table for computation of cost of seed for the current year
8. Table for computation of cost per workday of animal power

STATE FARMS OF HOPEH BEGIN "THREE NORMS" OPERATIONS

State Farm Management Office
Bureau of Agriculture and Forestry
Hopeh Province

In the 3 years following 1949, the state farms of Hopeh achieved some success in promoting improved techniques and providing demonstrations for the masses. The management aspect, however, showed many shortcomings. The leaders failed to investigate thoroughly and to organize soundly, with a resulting serious waste. They also employed reactionary, backward, small-farm management methods. They failed to calculate costs or their calculations were not sufficiently detailed; at the same time, reliable personnel were lacking to carry on democratic management and advanced scientific production thinking. Because all farms exhibited waste and unwillingness to undertake responsibility, they all showed high costs, low production, and unprofitable management. In making plans for 1953 some farms still made unprofitable proposals and showed instances of blind investment and construction.

In December 1952, the All-China Conference of State Farm Directors decided on a system of management with three main norms or criteria: cost, production, and efficiency. The conference determined that democratic planning is the key to progress in farm management.

The four mechanized farms that put the three norms into effect have reduced their cadres to 42 people, their machine operators to 36 people, and their tractors to nine vehicles. The area cultivated however, has expanded from 23,498 mou to 25,278 mou. The area cultivated by each tractor has increased from 34.5

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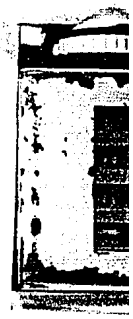

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mou per horsepower to 70.4 mou per horsepower. The Pao-ting Mechanized Farm has raised the efficiency of its machines 11.8 percent, and has increased the depth of plowing by 2 centimeters.

The establishment of efficiency norms at Pao-ting has reduced the number of workdays per year required for each mou of irrigated cotton fields from 23 to 16. The number of workdays per year required for dry cotton fields has been reduced from 19 to 12.6. In making up the labor plan, it was discovered that some machine operators were not putting in full time on the job and their wages, averaging 15,300 yuan per day, were wasted.

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